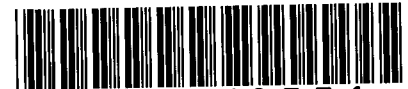


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(1912 - 2004)
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JOSEPH J. BURGIE
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November 8, 2007

Brian McNeil, Executive Secretary
Arizona Corporation Commission
Telecommunications Division
1200 West Washington
Phoenix, AZ 85007

RE: Total Call International, Inc.
Docket No. T-04004A-01-0259

Dear Mr. McNeil:

Enclosed please find an original and thirteen (13) copies of the above-referenced company's Response to Order to Show Cause.

Should you have any questions concerning this filing, please contact the undersigned.

Very truly yours,

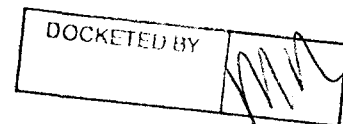
EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.


Patrick D. Crocker

PDC/tld

Arizona Corporation Commission
DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

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RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

STAFF of the Utilities Division,

Complainant,

vs.

TOTAL CALL INTERNATIONAL, INC.

Respondent.

DOCKET NO. T-04004A-01-0259

**RESPONSE TO ORDER TO SHOW
CAUSE**

RESPONSE TO ORDER TO SHOW CAUSE

We are the attorneys for Total Call International, Inc. ("Total Call"). On behalf of Total Call, we file this Response to Complaint and Petition for Order to Show Cause, stating as follows:

1. Total Call admits paragraph 1.
2. Total Call admits paragraph 2.
3. Total Call admits paragraph 3.
4. Total Call neither admits nor denies allegations raised in paragraph 4.
5. Total Call admits paragraph 5.
6. Total Call neither admits nor denies paragraph 6.
7. Total Call neither admits nor denies paragraph 7.
8. Total Call neither admits nor denies allegations contained in paragraph 8, excepting that Total Call admits that it has attempted and continues to attempt to procure a company willing to issue the required bond.
9. Total Call admits paragraph 9.

10. Total call admits paragraph 10. Total Call has filed a letter in support of Staff's Memorandum to administratively close Docket No. T-04224A-06-0098. A copy of Total Call's letter appears as Exhibit A hereto.

11. Total Call neither admits nor denies allegations set forth in Paragraph 11.

CONCLUSION AND RECOMMENDATION

12. We believe the original bond requirement should not be imposed upon Total Call at this time for the following reasons:

- (1) Total Call's current financial condition does not justify the filing of a bond. We have included Total Call's most recent financial statements to be kept under seal by this Commission in support of this averment as Exhibit B.
- (2) The original purpose of the bond was to protect the end users of Arizona from unscrupulous carriers. Total Call's treatment of end users does not support the imposition of a bond at this time. As indicated by the Staff, no complaint, inquiry, or opinion have been filed against Total Call in Arizona since receiving authority to provide service in 2001. Total Call's exemplary record over the past 6 years demonstrates that it treats Arizona customer with the highest degree of care.
- (3) Total call has acted at all the in good faith in its dealings with this Commission and end users in Arizona. Total Call should not be sanctioned due to confusion resulting from filings made by outside consultants.
- (4) Total Call's inaction should not render Decision No. 64065 null and void as Total Call has otherwise demonstrated its technical, financial and managerial ability to operate as a carrier in good stead in Arizona since 2001.

WHEREFORE, Total Call respectfully requests that the Commission cancel the performance bond requirement, or in the alternative, allow for Total Call to substitute a sight draft Letter of Credit for such performance bond requirement.

Dated: 11/8/07

Total Call International, Inc.

By: Patrick D. Crocker

Patrick D. Crocker

Early, Lennon, Crocker & Bartosiewicz, P.L.C.

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Kalamazoo, MI 49007

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E-mail: pcrocker@earlylennon.com

Its: Attorneys

EXHIBIT A

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

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JOSEPH J. BURGIE
(1926 - 1992)

November 7, 2007

Brian McNeil, Executive Secretary
Arizona Corporation Commission
Telecommunications Division
1200 West Washington
Phoenix, AZ 85007

RE: Total Call International, Inc.
Docket No. T-0422A-06-0098

Dear Mr. McNeil:

We are the attorneys for Total Call International, Inc.

We have been faxed a Procedural Order issued by the Commission with regard to the above captioned matter. Through this Procedural Order, the Commission has provided this law firm with the opportunity to respond before the Commission administratively closes Docket No T-0422A-06-0098.

As indicated to the Staff, we believe the outstanding issues in this docket and Docket No. T-04004A-01-0259 arise directly as a result of performance failures by consultants specifically hired by our client to handle such issues. Problems with these outstanding issues have been further aggravated by our client's transfer from Thomson/TCS to Nationwide Regulatory Compliance, LLC to handle compliance related matters, along with the transition to new counsel. The staff in Arizona has taken the time to provide clarity to a confusing situation with simultaneous dockets having been opened by the company's outside counsel concerning a request for what appears to be identical operating authority. We agree with the staff that the most recent Docket No. T-0422A-06-0098 should be administratively closed.

We will confer with staff post haste to address the compliance items remaining open in Docket No. T-04004A-01-0259.

Thank you for the courtesy in allowing our firm the opportunity to respond to the administrative closure of Docket No. T-0422A-06-0098.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/tld

EXHIBIT B

TOTAL CALL INTERNATIONAL, INC.
BALANCE SHEET - Unaudited
AT JULY 31, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,663,386	
Accounts receivable, less allowances	\$ 15,099,656	
Inventory	\$ 4,064	
Deposits	\$ 370,238	
Prepaid Expenses	\$ 511,286	
Deferred Tax Assets	\$ 789,124	
Accrued Interest Income	\$ 15,336	
Total Current Assets		\$18,463,089

PROPERTY, PLANT, AND EQUIPMENT

Leasehold Improvements	\$ 414,188	
Office Furniture & Equipment	\$ 680,096	
Computer Equipment	\$ 893,773	
Switching Equipment	\$ 2,456,000	
Software	\$ 2,610,012	
Total Fixed Assets	\$ 7,054,071	
Less: Accumulated Depreciation/Amortization	\$ (4,861,036)	
Net Property, Plant, and Equipment		\$ 2,193,035

OTHER ASSETS

Opex Acquisition	\$ 7,060,583	
Note Receivable	\$ 3,664,546	
Due from Affiliates	\$ 4,506,707	\$15,231,836
TOTAL ASSETS		<u>\$35,887,959</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 11,608,082	
Accrued Liabilities	\$ 5,812,812	
Deferred Revenue	\$ 18,096,918	
Total Current Liabilities		\$35,517,813

LONG TERM LIABILITIES

Software Loan	\$ 172,000	
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TOTAL LIABILITIES

\$35,689,813

STOCKHOLDERS' EQUITY

Common Stock	\$ 18,045	
Additional Paid In Capital	\$ 144,830	
Treasury Stock	\$ (700,000)	
Retained Earnings	\$ 735,271	
Total Equity		\$ 198,146

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$35,887,959

TOTAL CALL INTERNATIONAL, INC.
INCOME STATEMENT - Unaudited
FOR SEVEN MONTHS ENDED JULY 31, 2007

OPERATING REVENUES

Prepaid Cards	\$ 84,483,078
Long Distance Services	\$ 5,661,230
Wholesale	\$ 206,701

Total operating revenues	<u>\$ 90,331,009</u>
--------------------------	----------------------

OPERATING EXPENSES

Carrier costs	\$ 83,271,535
Card printing	\$ 173,225
Depreciation and amortization	\$ 563,231
General and administrative	\$ 5,022,799
Sales and marketing	\$ 1,234,379
Bad debts expense	\$ 201,313

Total operating expenses	<u>\$ 90,466,481</u>
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NET ORDINARY INCOME	<u>\$ (135,472)</u>
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OTHER INCOME AND (EXPENSES)

Interest Income	\$ 263,966
Interest Expense	\$ (24,452)

NET INCOME BEFORE TAXES	<u>\$ 104,043</u>
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RETAINED DEFICIT, beginning of year

\$631,229

Add: Net Income

\$ 104,043

RETAINED DEFICIT, end of year

\$735,271

TOTAL CALL INTERNATIONAL, INC.
BALANCE SHEET - Unaudited
AT DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,481,923	
Accounts receivable, less allowances	\$ 15,708,039	
Inventory	\$ 4,064	
Due from Others	\$ 1,128,083	
Deposits	\$ 399,067	
Prepaid Expenses	\$ 602,037	
Deferred Tax Assets	\$ 799,124	
Accrued Interest Income	\$ 39,508	
Total Current Assets		\$26,161,845

PROPERTY, PLANT, AND EQUIPMENT

Leasehold Improvements	\$ 414,188	
Office Furniture & Equipment	\$ 597,082	
Computer Equipment	\$ 827,761	
Switching Equipment	\$ 2,442,110	
Software	\$ 2,459,430	
Total Fixed Assets	\$ 6,740,571	
Less: Accumulated Depreciation/Amortization	\$ (4,297,805)	
Net Property, Plant, and Equipment		\$ 2,442,766

OTHER ASSETS

Opex Acquisition	\$ 89,147	
Note Receivable	\$ 3,607,324	

TOTAL ASSETS

\$32,301,081

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 10,936,362	
Accrued Liabilities	\$ 2,118,050	
Deferred Revenue	\$ 18,868,517	
Total Current Liabilities		\$31,922,929

LONG TERM LIABILITIES

Software Loan	\$ 284,048	
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TOTAL LIABILITIES

\$32,206,977

STOCKHOLDERS' EQUITY

Common Stock	\$ 18,045	
Additional Paid In Capital	\$ 144,830	
Treasury Stock	\$ (700,000)	
Retained Earnings	\$ 631,229	
Total Equity		\$ 94,104

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$32,301,081

TOTAL CALL INTERNATIONAL, INC.
INCOME STATEMENT - Unaudited
FOR PERIOD ENDED DECEMBER 31, 2006

OPERATING REVENUES

Prepaid Cards	\$	128,625,202
Long Distance Services	\$	11,175,503
Wholesale	\$	510,214

Total operating revenues	\$	<u>140,310,919</u>
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OPERATING EXPENSES

Carrier costs	\$	125,508,542
Card printing	\$	963,673
Depreciation and amortization	\$	989,829
General and administrative	\$	9,345,267
Sales and marketing	\$	2,330,810
Bad debts expense	\$	368,017

Total operating expenses	\$	<u>139,506,138</u>
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NET ORDINARY INCOME

\$	<u>804,782</u>
----	----------------

OTHER INCOME AND (EXPENSES)

Interest Income	\$	659,833
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NET INCOME BEFORE TAXES

\$	<u><u>1,464,615</u></u>
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RETAINED DEFICIT, beginning of year

(\$833,386)

Add: Net Income

\$	<u>1,464,615</u>
----	------------------

RETAINED DEFICIT, end of year

<u><u>\$631,229</u></u>
